

## Message Text

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ORIGIN SS-25

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DRAFTED BY ARA/RPP-CEFINAN:BJF  
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R 140110Z APR 77  
FM SECSTATE WASHDC  
TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

C O N F I D E N T I A L STATE 083680

EXDIS  
STADIS/////////  
FOR AMBASSADOR FROM TODMAN  
E.O. 11652: GDS

TAGS: MASS

SUBJECT: US SECURITY ASSISTANCE PROGRAM IN LATIN AMERICA

1. GIVEN FAST-MOVING CHANGES IN SECURITY ASSISTANCE PROGRAMS FOR VARIOUS COUNTRIES OF THE AREA, WE BELIEVE IT USEFUL AT THIS POINT TO (A) STOP FOR A MOMENT TO SEE WHERE WE ARE; AND (B) ASK FOR SOME INFORMATION TO TRY TO FIND OUT WHICH WAY TO GO.

2. CUTOFFS AND RENUNCIATIONS. THE BOX SCORE AT PRESENT IS (A) CHILE REMAINS CUT OFF BY LAW FROM ANY MAP, IMETP, FMS SALES AND FINANCING, AND SECURITY SUPPORTING ASSISTANCE  
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AND FROM LICENSES FOR EXPORT OF ANY ITEM ON MUNITIONS LIST PURCHASED COMMERCIALY EXCEPT FOR CERTAIN "PIPELINE" ITEMS FOR WHICH FMS CONTRACTS HAD BEEN SIGNED OR EXPORT LICENSES ISSUED PRIOR TO JULY 1, 1976.

(B) ARGENTINA HAS DECLINED ANY FMS FINANCING FOR FY 1978, BUT DID NOT RENOUNCE IMETP OR FMS PURCHASES.

(C) BRAZIL HAS DECLINED ANY SECURITY ASSISTANCE WHICH WILL INVOLVE US EXAMINATION OF ITS HUMAN RIGHTS SITUATION. WE TAKE THAT TO MEAN IT WILL NOT WANT ANY IMET, FMS SALES OR FINANCING FOR FY 1978 OR FOR FUTURE YEARS IF PRESENT

EGISLATION IS CONTINUED. ALTHOUGH WE ARE ATTEMPTING FURTHER CLARIFICATION, WE ALSO BELIEVE THE BRAZILIANS SHOULD REALIZE THEY WOULD NOT HAVE ACCESS TO FMS CASH PURCHASES AFTER FY 1978 WHICH, AMONG OTHER THINGS, SUPPORT THEIR F-5 PURCHASE. BRAZIL ALSO DENOUNCED THE 1952 BILATERAL MILITARY AGREEMENT, BUT THAT AFFECTS SECURITY ASSISTANCE ONLY MINIMALLY. EARLIER BRAZIL HAD INFORMED US THROUGH JBUSMC THAT IT DID NOT INTEND TO DRAW DOWN ANY FY 77 FMS CREDITS. WE DO NOT KNOW WHETHER THERE MAY HAVE BEEN A CHANGE OF HEART RE FY 77. BRAZIL LOST ALL US FINANCING FOR MILITARY PROGRAMS EXCEPT FOR \$100,000 IMETP, TO BE USED ONLY FOR PARTICIPATION IN REGIONAL PROGRAMS, IN FY 1976.

(D) URUGUAY HAD ALL US FUNDING FOR SECURITY ASSISTANCE CUT OFF BY THE KOCH AMENDMENT LAST YEAR, WHICH IS EFFECTIVE ONLY FOR FY 1977. FOR FY 1978 THE ADMINISTRATION HAS NOT ASKED CONGRESS FOR MONEY FOR IMETP OR FMS FINANCING FOR URUGUAY; WHEN THIS FACT WAS MADE PUBLIC, URUGUAY SAID IT CANCELED ALL FUTURE SECURITY OR ECONOMIC ASSISTANCE REQUESTS ON WHICH DECISIONS HAD NOT ALREADY BEEN TAKEN. WE ASSUME, HOWEVER, THAT URUGUAY STILL WANTS TO MAKE OCCASIONAL FMS PURCHASES.

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(E) GUATEMALA DECLINED IN ADVANCE ANY ASSISTANCE OR SALE OF MILITARY EQUIPMENT CONDITIONED ON OUR JUDGMENTS ON ITS PRACTICES; IT MAY ALSO HAVE DECLINED USE OF FY 1977 FINANCING. IT IS STILL NOT CLEAR WHETHER GUATEMALA INTENDS TO DISCONTINUE FMS CASH PURCHASES IN FY 77 OR FY 78.

(F) EL SALVADOR RENOUNCED THE CONTINUATION OF SECURITY ASSISTANCE BECAUSE OF THE EXAMINATION OF ITS RECENT ELECTION BY THE FRASER SUBCOMMITTEE OF THE HOUSE INTERNATIONAL RELATIONS COMMITTEE. EL SALVADOR MADE IT CLEAR IT MEANT FMS FINANCING, MAP AND IMETP.

(G) VENEZUELA, NOT FOR HUMAN RIGHTS REASONS BUT BECAUSE IT WAS PERCEIVED BY CONGRESS AS A RICH OPEC COUNTRY, RECEIVED NO NEW FMS FINANCING AND ONLY \$100,000 IMETP FOR FY 1976, THE LATTER AMOUNT TO BE USED ONLY FOR PARTICIPATION IN REGIONAL PROGRAMS. IT IS STILL ELIGIBLE TO MAKE

FMS PURCHASES.

2. FUTURE CONGRESSIONAL ACTIONS. A NUMBER OF CONGRESSMEN, INCLUDING MR. KOCH, HAVE EXPRESSED A DETERMINATION TO CUT OFF US FUNDING FOR SECURITY ASSISTANCE TO NICARAGUA AND, PERHAPS LATER, PARAGUAY. THE DEPARTMENT HAS URGED

RETENTION OF THESE PROGRAMS, BUT FUTURE SECURITY ASSISTANCE FOR THESE TWO COUNTRIES IS, FRANKLY, PROBLEMATIC. SOME CONGRESSMEN HAVE ALSO QUESTIONED SECURITY AND ECONOMIC ASSISTANCE TO PERU IN THE FACE OF LARGE MATERIEL PURCHASES FROM THE USSR; OTHER CONGRESSIONAL SOURCES SEE A FIGHT COMING OVER SECURITY ASSISTANCE TO BOLIVIA. ADD TO THIS THE GROWING CONGRESSIONAL DISSATISFACTION WITH SECURITY ASSISTANCE GENERALLY AND ALMOST NO COUNTRY PROGRAM IN LATIN AMERICA LOOKS COMPLETELY SECURE.

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3. DESPITE DEPARTMENT REQUESTS FOR FLEXIBILITY, CONGRESS MAY WELL INSIST ON ELIMINATING FROM FY 78 BUDGET U.S. - FUNDED SECURITY ASSISTANCE INTENDED FOR RECIPIENTS WHICH HAVE PUBLICLY RENOUNCED, TO A GREATER OR LESSER DEGREE, SECURITY ASSISTANCE. (WE DO NOT EXPECT ANY STEPS TO REMOVE ELIGIBILITY OF THOSE COUNTRIES TO MAKE FMS PURCHASES FINANCED FROM THEIR OWN RESOURCES.) TO DATE WE HAVE BEEN UNABLE TO PROVIDE CONGRESS WITH A CLEAR STATEMENT OF WHAT EACH SUCH COUNTRY MEANS TO INCLUDE WITHIN THAT RENUNCIATION. EMBASSIES ARE REQUESTED TO PROVIDE ON AN URGENT BASIS THEIR VIEWS OF HOST COUNTRY INTENTIONS REGARDING EACH CATEGORY OF SECURITY ASSISTANCE (IMETP, FMS PURCHASES AND FMS FINANCING) FOR FY 77 AND FY 78.

4. DEPARTMENT WILL PROVIDE FURTHER GUIDANCE WHEN MORE INFORMATION AVAILABLE, AND WILL APPRECIATE INFORMATION REQUESTED IN PARAGRAPH 3.

5. FOR BUENOS AIRES. PARA 3 SHOULD BE DISREGARDED: UNTIL HUMAN RIGHTS PICTURE CHANGES IN ARGENTINA, WE DO NOT BELIEVE IT ADVISABLE TO DISCUSS FY 1977 CREDIT AGREEMENT, WHICH CANNOT BE SIGNED AS ARGENTINE SITUATION NOW STANDS.

6. FOR BRASILIA: AS RECOMMENDED BY EMBASSY, WE HAVE ALSO OFFERED TO MEET WITH BRAZILIAN EMBASSY/MILITARY MISSION PERSONNEL HERE TO DISCUSS EFFECTS OF BRAZILIAN "RENUNCIATIONS" BUT OFFER HAS NOT YET BEEN PICKED UP (SEPTTEL). WE BELIEVE THAT THE POSSIBILITY OF EVENTUAL MEETING HERE SHOULD NOT PRECLUDE EMBASSY/USAG RAISING QUESTIONS INCLUDED IN THIS CABLE, IN CONTEXT OF "REGIONAL SURVEY" COVERING FULL RANGE OF PROJECTED ASSISTANCE FY 77 AND 78.

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